GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:955
ANSWERED ON:04.12.2015
Imposing Goods and Service Tax
Sahu Shri Tamradhwaj

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to impose goods and service tax on alcohol and tobacco products, and, if so, the details thereof; and

(b) the benefits likely to be accrued to the Government after imposition of this tax?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) Goods and Service Tax will be imposed on alcohol products except alcoholic liquor for human consumption. It is proposed in Constitution (122nd Amendment) Bill, 2014 that tobacco will be subjected to GST along with the Central Excise Duty. However, the rate of duty to be charged on this product will be decided by the GST Council as proposed in the Article 279A of the Constitution (122nd Amendment) Bill, 2014.

(b) After introduction of GST, the VAT imposed by the States, Central Sales Tax, Excise Duty, Service Tax along with other indirect taxes would be subsumed into Goods and Service Tax. GST will simplify and harmonise the indirect tax regime in the country. It is also expected that introduction of GST will foster a common seamless Indian market and contribute significantly to the growth of the economy. Further, GST will broaden the tax base, and result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.